



Director of
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FRANCE-USSR: Dispute Over INF

Diametrically opposed views on whether French nuclear weapons should be taken into account at the INF negotiations in Geneva will be an obstacle to improvement of Franco-Soviet relations. [redacted]

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The French Ambassador in Moscow, in a recent meeting with Foreign Minister Gromyko, objected to General Secretary Andropov's linking of French systems to Soviet and US arsenals in his speech on INF on 21 December. The Ambassador argued that France's nuclear weapons are entirely independent of NATO with regard to procurement, targeting, and employment doctrine. He also said taking French forces into account would imply they would be subject to reductions, whereas Paris views its current force level as the minimum necessary to ensure credibility.

[redacted]

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In addition, the Ambassador maintained consideration of French forces would lead negotiators to balance Soviet intermediate-range systems against West European forces. According to the Ambassador, this would prolong the USSR's numerical superiority over the US in intermediate-range missiles, disassociate US nuclear forces from the defense of Western Europe, and leave Western Europe vulnerable to attack by Soviet strategic systems.

[redacted]

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Gromyko responded that French forces have to be considered in the INF balance because France is a member of the Atlantic Alliance.

[redacted]

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Comment: French officials apparently expect the Soviets to attempt to sow discord in the Alliance by making new demands to consider French systems in the INF balance. Foreign Minister Cheysson probably will restate the French position forcefully when he visits Moscow next month.

[redacted]

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Continued Soviet insistence on this issue, which the French consider central to their national sovereignty, could impede a possible Mitterrand-Andropov summit next spring.

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USSR-TURKEY: Transit Fee Issue

The USSR's refusal to pay Turkey's tenfold increase in fees for merchant ships transiting the Bosphorus may soon result in a limited economic confrontation. [redacted]

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The Turkish press reports that since mid-December, over 100 Soviet ships have gone through the Bosphorus Strait without paying the Turks service fees required by the Montreux Convention. The USSR is protesting the increase that resulted from Turkey's decision in November to peg the fees to the market rate for gold instead of the official rate. Ankara's action follows years of frustration over continuing decreases in real revenues for services agreed to in the Convention, which entitles Turkey to just compensation. [redacted]

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Turkey maintains the market rate for gold reflects its true value as envisaged by the drafters of the Convention. Although most other users of the passage to the Black Sea reportedly are paying the higher fees, the Soviets contend the increase is illegal and requires revision of the Convention. The Turks are now broadly hinting that ships that do not comply will be impounded. [redacted]

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Comment: Traffic to and from the USSR probably accounts for about three-fourths of the merchant shipping volume going through the Bosphorus. If Turkish projections of \$300 million in revenue this year are accurate, the new rates would cost the Soviets an additional \$225 million in hard currency at a time when they are seeking to reduce such expenditures. [redacted]

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Neither party wants a confrontation, but the Turks, encouraged by the provisional acceptance of the new fees by non-Soviet vessels, may try to impound a Soviet vessel in Turkish territorial waters or to slow down the sanitary inspection process for Soviet vessels entering the Strait. The Soviets would then have to rethink their strategy. They might look for economic countermeasures to force the Turks to negotiate a lower fee. [redacted]

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EL SALVADOR: Guerrilla Activity

The insurgents, after two weeks of relative quiet, have attacked a few towns in the north and southeast, but government troops are holding their ground. [redacted]

[redacted]

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Comment: [redacted]

[redacted] the guerrillas are being steadily resupplied by air, land, and sea from Nicaragua. This will help them stage another major offensive early this year, which they are currently planning. The insurgents' timetable may be advanced as a result of the current power struggle in the armed forces. [redacted]

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PLO-USSR: Arafat's Visit

PLO chief Arafat is due to arrive in Moscow today for his first substantive talks with Soviet leaders since October 1981. Arafat attended Brezhnev's funeral last November but did not meet with General Secretary Andropov. Although Arafat deeply resented the USSR's lack of support for the PLO last summer during the fighting in Lebanon, he refrained from direct public criticism. He recently has spoken favorably about relations with the USSR. [redacted]

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Comment: The talks are likely to focus on the Middle East peace process, especially the PLO's relationship with Jordan and its stance toward the US proposal. Moscow, which is uneasy that the talks between the PLO and Jordan could lead Arafat to accept the US initiative, probably will urge the PLO leader not to relinquish an independent role in any peace negotiations. [redacted]

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ITALY: Reactions to Austerity Measures

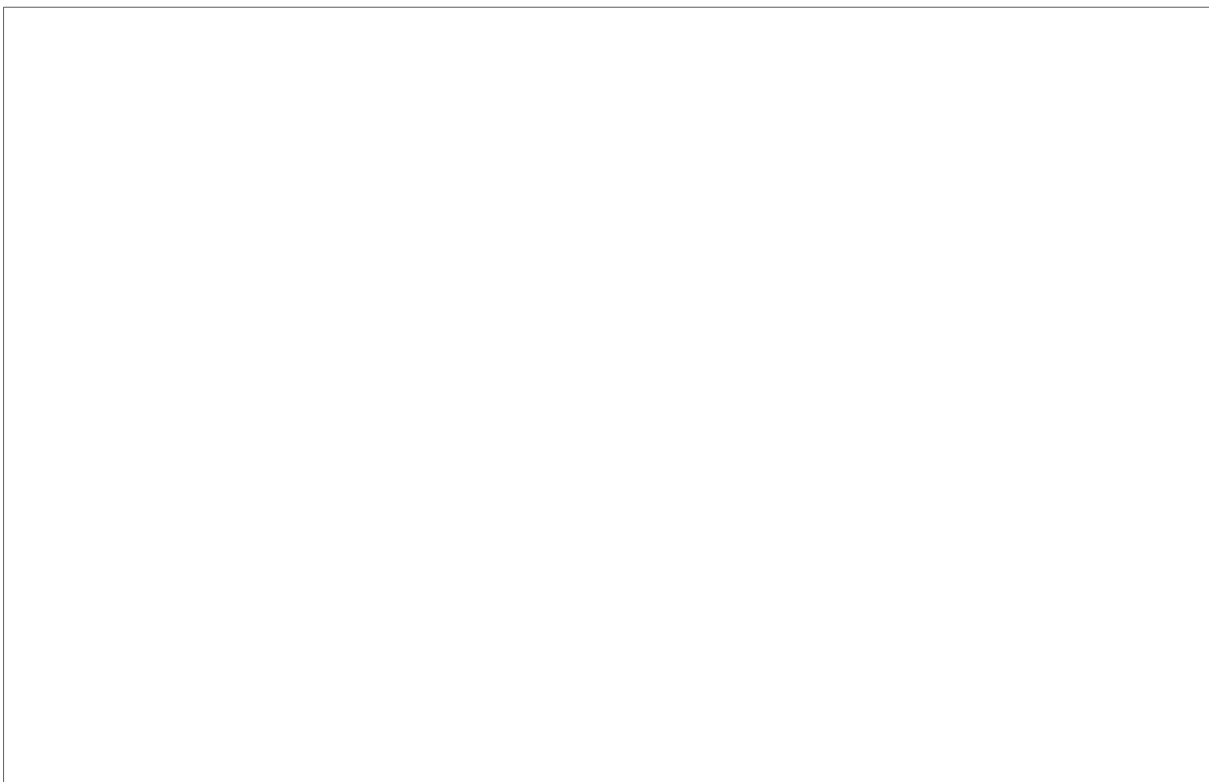
The government's austerity proposals are heightening tensions in the ruling coalition and drawing stiff opposition from the Communists and organized labor. The cabinet has decided to forward to parliament its austerity package, which is designed to hold the burgeoning state deficit to \$52.2 billion. The package has already prompted widespread wildcat strikes and demonstrations. The United Labor Federation today will begin a series of four-hour regional strikes in preparation for a nationwide general strike on 18 January. [redacted]

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Comment: Prime Minister Fanfani has won the backing of his entire cabinet for the package, but some members of the coalition parties are unhappy about several of the measures. In the face of continued labor unrest, a number of deputies who normally support the government may be tempted to vote against some or all of the package under the cover of the secret ballot. A rejection of the package by parliament almost certainly would set the stage for a new government crisis. [redacted]

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JAPAN - SOUTH KOREA: Status of Loan Negotiations

Prime Minister Nakasone arrives today in Seoul for a summit meeting with President Chun amid signs that negotiations on the longstanding assistance loan may have run into a last-minute snag. South Korean Foreign Minister Lee says Chun wants a detailed written accord on the seven-year loan package. Japan is offering a general political commitment to long-term aid and a verbal understanding on the terms but opposes breaking with its usual practice of initialing aid agreements only on an annual basis. [redacted]

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Comment: Lee apparently believes Chun blames him for failing to resolve the issue earlier and that his job is on the line. Lee warned Japanese officials Nakasone would receive a cool reception if the problem has not been resolved in final bargaining sessions.

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SURINAME-US: Foreign Minister's Proposed Visit

Acting Foreign Minister Naarendorp's request for a meeting with US officials in Washington next week may be a personal initiative to enhance his acceptability as a potential alternative to Army Commander Bouterse. The US Embassy reports Bouterse may not be aware of Naarendorp's request. Naarendorp, in a recent meeting with the Dutch Ambassador, tried to disassociate himself from the executions in December. He also claimed that he favored a return to democracy and that he wanted no part in Bouterse's new government. [redacted]

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Comment: Naarendorp, who is often cited as the architect of Bouterse's leftward drift, [redacted] with close ties to Cuba and Grenada. His trip to Caracas last month in search of aid and his involvement in the recent expulsion of two US diplomats indicate he is still an active member of Bouterse's regime. If he is acting in an official capacity, he probably will ask for a resumption of US aid. Any concessions he might make, however, would not necessarily be considered binding by Bouterse. [redacted]

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BOLIVIA: Cabinet Resignations

Longstanding rivalries in the government became public on Sunday with the resignations of all cabinet members from one of the three major parties in the coalition. The ministers accuse President Siles's party of trying to seize control of the regime. They also criticize the President for his failure to form a coherent domestic policy and to move against the illicit cocaine industry. [REDACTED]

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Comment: Siles has a number of advantages in dealing with his first crisis since taking office last October. Most importantly, the lines of communication to the disgruntled party remain open because its leader apparently will remain as Siles's vice president. Moreover, Siles may salvage the coalition by forming an alliance with another party. The resignations also are likely to result in some additional support for the regime from military officers who regard the departing ministers as extreme leftists. [REDACTED]

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CHINA: Population Control Measures

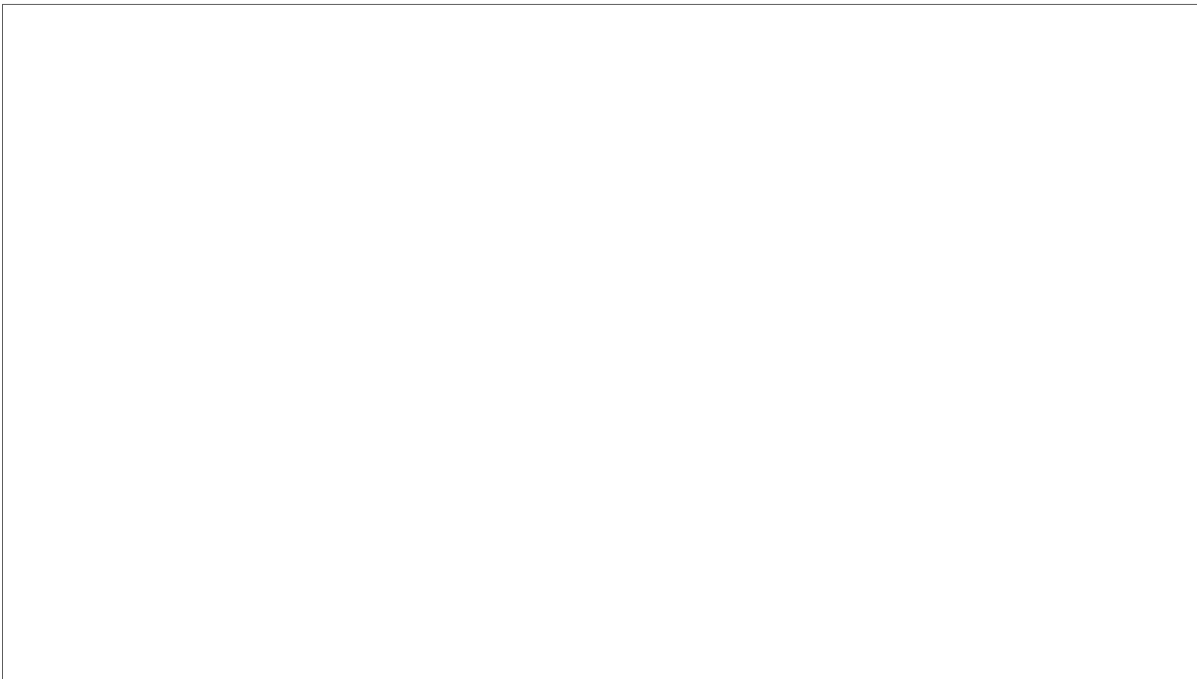
The government, fearing that population growth of more than 1 million per month threatens modernization and stability, has launched another family-planning campaign. Beijing says the program is to be the most ambitious so far. The *China Daily* warns that, if persuasion fails, tougher measures will be used. [redacted]

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Comment: Earlier campaigns have been most successful in cities and rural areas where government-enforced family planning has included some forced abortions and sterilizations. The State Family Planning Commission is emphasizing education to reduce dependence on children as a source of economic security, but it also may impose stiffer fines in order to force compliance. If Beijing substantially increases its efforts, including coercion, to enforce limits on family size, the resulting antagonism is likely to undercut the authority of local government and party officials responsible for the campaign. [redacted]

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